

CENTRAL COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

SCHEDULE OF FINDINGS

JUNE 30, 2015

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kristin Fitzgerald	President	2015
Joleen Jansen	Vice President	2015
Todd Lenth	Board Member	2015
Rachel Jaster	Board Member	2017
Jared Finley	Board Member	2017
Robert Frieden	Board Member	2017
Ed Hertrampf	Board Member	2017
School Officials		
Nicholas Trenkamp	Superintendent	Indefinite
Joyce Piorkowski	District Secretary/Treasurer and Business Manager	Indefinite
Brett Nitzschke	Attorney	Indefinite

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Central Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the remaining fund information of Central Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 13 to the financial statements, Central Community School District adopted new accounting guidance related to Governmental Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 16 and 51 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2015 on our consideration of Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Community School District's internal control over financial reporting and compliance.

Elkader, Iowa

October 12, 2015


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MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

General Fund revenues decreased from \$ 5,289,775 in fiscal 2014 to \$ 5,086,587 in fiscal 2015, while General Fund expenditures increased from \$ 5,061,828 in fiscal 2014 to \$ 5,080,584 in fiscal 2015. The District's General Fund balance increased from \$ 1,651,789 at the end of fiscal year 2014 to \$ 1,657,792 at the end of fiscal year 2015, a 0.4% increase.

The decrease in General Fund revenues was due primarily to a decrease in income tax surtax.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Central Community School District acts solely as custodian for

the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the capital projects fund subaccounts.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's

funds, focusing on its most significant or “major” funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. Governmental funds: Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District’s programs.

The District’s governmental funds include the General Fund, the Special Revenue Funds, and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District’s Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District’s Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net position at June 30, 2015 compared to June 30, 2014 is provided below:

Condensed Statement of Net Position								
(Expressed in Thousands)								
	Governmental		Business Type		Total		Total	
	Activities		Activities		District		Change	
	June 30		June 30		June 30		June 30	
	2014		2014		2014			
	(not re-		(not re-		(not re-			
	2015 stated)		2015 stated)		2015 stated)		2014-15	
Current and other assets	\$ 5,804	5,484	60	72	5,864	5,556	5.5%	
Capital assets	2,511	2,712	20	23	2,531	2,735	-7.5%	
Total assets	8,315	8,196	80	95	8,395	8,291	1.3%	
Deferred outflows of resources	360	-	10	-	370	-	100.0%	
Long-term liabilities	2,041	206	50	3	2,091	209	900.5%	
Other liabilities	629	681	8	7	637	688	-7.4%	
Total liabilities	2,670	887	58	10	2,728	897	204.1%	
Deferred inflows of resources	2,782	2,059	20	0	2,802	2,059	36.1%	
Net position:								
Invested in capital assets	3,194	3,177	20	23	3,214	3,200	0.4%	
Restricted	981	785	0	0	981	785	25.0%	
Unrestricted	(952)	1,288	(8)	62	(960)	1,350	-171.1%	
Total net position	\$ 3,223	5,250	12	85	3,235	5,335	-39.4%	

The District's total net position decreased 39.4%, or approximately \$ 2,100,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g. land, buildings and equipment).

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$ 196,000, or 25% over the prior year. The increase was primarily a result of decreased expenditures in the Management Fund.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements - decreased approximately \$ 1,522,000 or 113%. This reduction in unrestricted net position was primarily a result of the District's net pension liability being recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$ 2,277,279 and \$ 62,038, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013, but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

The following schedule shows the change in net assets for the year ended June 30, 2015 compared to the year ended June 30, 2014.

<u>Changes in Net Position</u> <u>(Expressed in Thousands)</u>								
Governmental Activities			Business Type Activities		Total District		Total Change	
2014			2014		2014			
(not re-			(not re-		(not re-			
2015			2015		2015		2014-15	
stated)			stated)		stated)			
Revenues:								
Program revenues:								
Charges for service	\$	648	603	127	122	775	725	6.9%
Operating grants and Contributions		895	893	109	125	1,004	1,018	-1.4%
General revenues:								
Property tax		2,045	2,024	0	0	2,045	2,024	1.0%
State-wide sales, Services and use tax		408	414	0	0	408	414	-1.4%
Income tax surtax		52	309	0	0	52	309	-83.2%
Unrestricted state grants		2,046	2,054	0	0	2,046	2,054	-0.4%
Unrestricted investment Earnings		21	26	0	0	21	26	-19.2%
Other		22	38	1	1	23	39	-41.0%
Total revenues		6,137	6,361	237	248	6,374	6,609	-3.6%

Changes in Net Position (continued)								
(Expressed in Thousands)								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2014		2014		2014			
	(not re-		(not re-		(not re-			
	2015 stated)		2015 stated)		2015 stated)		2014-15	
Program expenses:								
Governmental activities:								
Instruction	3,589	3,784	0	0	3,589	3,784	-5.2%	
Support services	1,862	1,675	2	1	1,864	1,676	11.2%	
Non-instructional programs	0	0	246	260	246	260	-5.4%	
Other expenses	436	388	0	0	436	388	12.4%	
Total expenses	5,887	5,847	248	261	6,135	6,108	0.4%	
Increase (decrease) in net position	250	514	(11)	(13)	239	501	-52.3%	
Net position beginning of year, as restated	2,973	4,736	23	98	2,996	4,834	-38.0%	
Net position end of year	\$ 3,223	5,250	12	85	3,235	5,335	-39.4%	

In fiscal 2015, property tax and unrestricted state grants accounted for 66.7% of governmental activities revenue while charges for service and operating grants accounted for 99.5% of business type activities revenue.

The District's total revenues were approximately \$ 6.37 million of which approximately \$ 6.74 million was for governmental activities and approximately \$ 237,000 was for business type activities.

As shown above, the District as a whole experienced a 3.6% decrease in revenues and a 0.4% increase in expenses. Property tax increased approximately \$ 21,000 to fund the increase in expenses.

Governmental Activities

Revenues for governmental activities were \$ 6,136,975 and expenses were \$ 5,886,525. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2014 (not re- stated)	2015	Change 2014-15	2014 (not re- stated)	2015	Change 2014-15
Instruction	\$ 3,589	3,784	-5.2%	\$ 2,320	2,540	-9.5%
Support services	1,862	1,675	11.2%	1,802	1,629	10.6%
Other expenses	436	388	12.4%	221	182	21.4%
Total	\$ 5,887	5,847	0.7%	\$ 4,343	4,351	-0.2%

For the year ended June 30, 2015:

The cost financed by users of the District's programs was \$ 647,897.

Federal and state governments subsidized certain programs with grants and contributions totaling \$ 895,346.

The net cost of governmental activities was financed with \$ 2,504,103 in property and other taxes and \$ 2,045,696 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$ 237,130 representing an 4.5% decrease from the prior year, while expenses totaled \$ 284,487, a 4.7% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$ 3,117,513, well above last year's ending fund balances of \$ 2,743,641.

Governmental Fund Highlights

The General Fund balance increased from \$ 1,651,789 to \$ 1,657,792. Revenues decreased \$ 203,188, while expenditures increased \$ 18,756. The General Fund

balance increased \$ 6,003.

The Special Revenue Management Fund balance increased from \$ 377,405 to \$ 548,229. Revenues were virtually unchanged at \$ 301,477 as the management levy remained unchanged. Expenditures increased \$ 1,715.

The Capital Projects Fund balance increased from \$ 590,430 to \$ 808,733. Revenues decreased \$ 45,773, due primarily to a decrease in the income tax surtax. Expenditures decreased \$ 253,621, due primarily to no major remodeling projects or bus purchase occurring in 2015.

Proprietary Fund Highlights

School Nutrition fund net position decreased from \$ 44,086 at June 30, 2014 to \$ 32,729 at June 30, 2015, representing a decrease of 25.8%. For fiscal 2015, the District's revenues decreased \$ 11,131, however expenses also showed a decrease of \$ 12,166.

BUDGETARY HIGHLIGHTS

Over the course of the year, Central Community School District did not amend its budget. The District's total revenues were \$ 252,604 more than total budgeted revenues, a variance of approximately 4%, due primarily to tuition revenues being more than anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$ 2.5 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net decrease of 7.5% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$ 293,359.

The original cost of the District's capital assets was over \$ 6.8 million. Governmental funds account for \$ 6.7 million with the remainder of approximately \$ 0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the furniture and equipment category. Assets of over \$ 80,000 were purchased in this category, however, depreciation exceeded purchases by \$ 81,000.

<u>Capital Assets, net of Depreciation</u> <u>(Expressed in Thousands)</u>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 163	163	0	0	163	163	0.0%
Buildings	1,888	1,992	0	0	1,888	1,992	-5.2%
Improvements other than Building	42	59	0	0	42	59	-28.8%
Furniture and equipment	418	499	20	23	438	522	-16.1%
Total	\$ 2,511	2,713	20	23	2,531	2,736	-7.5%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years but expects a leveling off of that trend. Taxable valuations in the District increased 1.1% to \$ 163,066,030.

Budgeted disbursements for fiscal year 2016 are \$ 78,307 more than the budgeted amount for fiscal 2015, a 1.1% increase. The property tax rate for 2016 is 12.60876 per \$1000 taxable valuation, a 0.1% increase from fiscal 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,637,033	47,614	3,684,647
Receivables:			
Property tax:			
Delinquent	24,008	-	24,008
Succeeding year	1,995,334	-	1,995,334
Accounts	20,104	2,688	22,792
Due from other governments	125,832	-	125,832
Inventories	-	10,179	10,179
Prepaid expense	1,584	125	1,709
Capital assets, net of accumulated depreciation	2,510,680	19,756	2,530,436
TOTAL ASSETS	8,314,575	80,362	8,394,937
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	360,320	9,816	370,136
LIABILITIES			
Accounts payable	122,704	1,266	123,970
Salaries and benefits payable	383,106	2,865	385,971
Due to other governments	123,432	-	123,432
Unearned revenues	-	4,449	4,449
Long-term liabilities:			
Portion due within one year:			
Compensated absences	15,472	-	15,472
Early retirement	9,758	-	9,758
Portion due after one year:			
Net pension liability	1,770,846	48,240	1,819,086
Net OPEB liability	244,614	1,784	246,398
TOTAL LIABILITIES	2,669,932	58,604	2,728,536
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	1,995,334	-	1,995,334
Income tax surtax	61,806	-	61,806
Pension related deferred inflows	724,815	19,747	744,562
TOTAL DEFERRED INFLOWS OF RESOURCES	2,781,955	19,747	2,801,702

(continued)

Exhibit A
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business Type Activities	Total
NET POSITION			
Net investment in capital assets	3,193,876	19,756	3,213,632
Restricted for:			
Categorical funding	204,480	-	204,480
Management levy purposes	548,229	-	548,229
Student activities	102,759	-	102,759
Physical plant and equipment	125,537	-	125,537
Unrestricted	(951,873)	(7,929)	(959,802)
TOTAL NET POSITION	\$ 3,223,008	11,827	3,234,835

See notes to financial statements.

Exhibit B

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:						
Instruction:						
Regular instruction	\$ 2,336,175	446,547	438,593	(1,451,035)	-	(1,451,035)
Special instruction	814,846	41,054	150,357	(623,435)	-	(623,435)
Other instruction	437,643	156,682	34,910	(246,051)	-	(246,051)
	3,588,664	644,283	623,860	(2,320,521)	-	(2,320,521)
Support services:						
Student	112,204	-	27,100	(85,104)	-	(85,104)
Instructional staff	430,085	-	6,312	(423,773)	-	(423,773)
Administration	579,283	-	20,944	(558,339)	-	(558,339)
Plant operation and maintenance	358,722	2,487	-	(356,235)	-	(356,235)
Transportation	381,806	1,127	2,500	(378,179)	-	(378,179)
	1,862,100	3,614	56,856	(1,801,630)	-	(1,801,630)
	189	-	-	(189)	-	(189)
Non-instructional programs						
Other expenditures:						
Facilities acquisition	112,142	-	6,431	(105,711)	-	(105,711)
AEA flowthrough	208,199	-	208,199	-	-	-
Depreciation (unallocated)	115,231	-	-	(115,231)	-	(115,231)
	435,572	-	214,630	(220,942)	-	(220,942)
Total governmental activities	5,886,525	647,897	895,346	(4,343,282)	-	(4,343,282)
Business Type Activities:						
Support services:						
Instructional staff	594	-	-	-	(594)	(594)
Plant operation and maintenance	1,881	-	-	-	(1,881)	(1,881)
	2,475	-	-	-	(2,475)	(2,475)
Non-instructional programs:						
Food service operations	246,012	126,758	109,231	-	(10,023)	(10,023)
Total business type activities	248,487	126,758	109,231	-	(12,498)	(12,498)
Total	\$ 6,135,012	774,655	1,004,577	(4,343,282)	(12,498)	(4,355,780)

(continued)

Exhibit B
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
GENERAL REVENUES:			
Property tax levied for:			
General purposes	1,907,051	-	1,907,051
Capital outlay	137,984	-	137,984
Income tax surtax	51,547	-	51,547
Statewide sales, service and use tax	407,521	-	407,521
Unrestricted state grants	2,045,696	-	2,045,696
Unrestricted investment earnings	21,516	-	21,516
Other	22,417	1,141	23,558
Total general revenues	4,593,732	1,141	4,594,873
Change in net position	250,450	(11,357)	239,093
Net position beginning of year, as restated	2,972,558	23,184	2,995,742
Net position end of year	\$ 3,223,008	11,827	3,234,835

See notes to financial statements.

Exhibit C

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Management	Capital Projects	Nonmajor Student Activity	Total
ASSETS					
Cash and cash equivalents					
Receivables:					
Property tax:					
Delinquent	18,914	3,540	1,554	-	24,008
Succeeding year	1,665,384	185,807	144,143	-	1,995,334
Accounts	19,989	-	115	-	20,104
Due from other funds	953	-	-	-	953
Due from other governments	60,575	-	65,257	-	125,832
Prepaid expense	1,584	-	-	-	1,584
TOTAL ASSETS	\$ 3,871,410	734,036	1,086,841	112,561	5,804,848
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,373	-	102,109	2,222	122,704
Salaries and benefits payable	381,246	-	-	1,860	383,106
Due to other governments	117,712	-	-	5,720	123,432
Due to other funds	-	-	953	-	953
Total liabilities	517,331	-	103,062	9,802	630,195
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,665,384	185,807	144,143	-	1,995,334
Income tax surtax	30,903	-	30,903	-	61,806
Total deferred inflows of resources	1,696,287	185,807	175,046	-	2,057,140
Fund balances:					
Restricted for:					
Categorical funding	204,480	-	-	-	204,480
Management levy purposes	-	548,229	-	-	548,229
Student activities	-	-	-	102,759	102,759
School infrastructure	-	-	683,196	-	683,196
Physical plant and equipment	-	-	125,537	-	125,537
Unassigned	1,453,312	-	-	-	1,453,312
Total fund balances	1,657,792	548,229	808,733	102,759	3,117,513
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,871,410	734,036	1,086,841	112,561	5,804,848

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2015

Total fund balances governmental funds (page 22)		\$ 3,117,513
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		2,510,680
Pension related deferred outflows and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	\$ 360,320	
Deferred inflows of resources	<u>(724,815)</u>	(364,495)
Long-term liabilities, including compensated absences payable, early retirement payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore are not reported in the governmental funds		<u>(2,040,690)</u>
Net position of governmental activities (page 19)		<u>\$ 3,223,008</u>

See notes to financial statements.

Exhibit E

CENTRAL COMMUNITY SCHOOL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Management	Capital Projects	Nonmajor Student Activity	Total
Revenues:					
Local sources:					
Local tax	\$ 1,644,710	301,447	163,758	-	2,109,915
Tuition	440,721	-	-	-	440,721
Other	89,719	6,642	8,016	160,918	265,295
State sources	2,778,766	1,449	408,157	-	3,188,372
Federal sources	132,671	-	-	-	132,671
Total revenues	5,086,587	309,538	579,931	160,918	6,136,974
Expenditures:					
Current					
Instruction:					
Regular	2,332,209	50,251	15,201	-	2,397,661
Special	812,027	-	-	-	812,027
Other	331,974	-	-	165,538	497,512
Total	3,476,210	50,251	15,201	165,538	3,707,200
Support services:					
Student	115,368	-	-	-	115,368
Instructional staff	178,903	-	178,519	-	357,422
Administration	510,158	28,123	39,888	-	578,169
Plant operation and maintenance	315,157	44,373	2,445	-	361,975
Transportation	276,589	15,967	1,475	16,638	310,669
Total	1,396,175	88,463	222,327	16,638	1,723,603
Non-instructional programs	-	-	189	-	189
Other expenditures:					
Facilities acquisition	-	-	123,911	-	123,911
AEA flowthrough	208,199	-	-	-	208,199
Total	208,199	-	123,911	-	332,110
Total expenditures	5,080,584	138,714	361,628	182,176	5,763,102
Excess (deficiency) of revenues over (under) expenditures	6,003	170,824	218,303	(21,258)	373,872
Fund balances beginning of year	1,651,789	377,405	590,430	124,017	2,743,641
Fund balances end of year	\$ 1,657,792	548,229	808,733	102,759	3,117,513

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2015

Change in fund balances-Total governmental funds (page 24)	\$ 373,872
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Amounts reported for governmental activities in
the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	\$ 91,851	
Depreciation expense	<u>(293,359)</u>	(201,508)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position	262,924
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	13,401	
Compensated absences	(3,299)	
Pension expense	(120,986)	
Other postemployment benefits	<u>(73,954)</u>	(184,838)

Change in net position of governmental activities (page 21)	<u>\$ 250,450</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

	<u>Enterprise, School Nutrition</u>
ASSETS	
Current assets:	
Cash	\$ 47,614
Accounts receivable	2,688
Inventories	10,179
Prepaid expense	<u>125</u>
Total current assets	60,606
Noncurrent assets:	
Capital assets net of accumulated depreciation	<u>19,756</u>
TOTAL ASSETS	<u>80,362</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>9,816</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,266
Salaries and benefits payable	2,865
Unearned revenues	<u>4,449</u>
Total current liabilities	<u>8,580</u>
Noncurrent liabilities:	
Net pension liability	48,240
Net OPEB liability	<u>1,784</u>
Total noncurrent liabilities	<u>50,024</u>
TOTAL LIABILITIES	<u>58,604</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	<u>19,747</u>
NET POSITION	
Net investment in capital assets	19,756
Unrestricted	<u>(7,929)</u>
TOTAL NET POSITION	<u>\$ 11,827</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 126,758
Other	<u>1,141</u>
Total operating revenues	<u>127,899</u>
Operating expenses:	
Support services:	
Instructional staff	594
Plant operation and maintenance	<u>1,881</u>
	<u>2,475</u>
Non-instructional programs:	
Food service operations:	
Salaries	86,448
Benefits	9,753
Purchased services	4,508
Supplies	141,565
Miscellaneous	215
Depreciation	<u>3,523</u>
	<u>246,012</u>
Total operating expenses	<u>248,487</u>
Operating loss	<u>(120,588)</u>
Non-operating revenues:	
State sources	1,840
Federal sources	<u>107,391</u>
Total non-operating revenues	<u>109,231</u>
Decrease in net position	(11,357)
Net position beginning of year, as restated	<u>23,184</u>
Net position end of year	<u><u>\$ 11,827</u></u>

Exhibit I

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 126,583
Miscellaneous cash received	1,141
Cash paid to employees for services	(99,866)
Cash paid to suppliers for goods or services	(133,607)
Net cash used by operating activities	(105,749)
Cash flows from non-operating capital activities:	
State grants received	1,840
Federal grants received	95,141
Net cash provided by non-capital financing activities	96,981
Net decrease in cash	(8,768)
Cash beginning of year	56,382
Cash end of year	\$ 47,614
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (120,588)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	12,250
Depreciation	3,523
Decrease in accounts receivable	1,032
Decrease in inventories	1,896
Increase in accounts payable	833
Increase in benefits payable	1,557
Decrease in unearned revenue	(1,030)
Decrease in net pension liability	(20,906)
Increase in deferred outflows of resources	(2,708)
Increase in deferred inflows of resources	19,747
Decrease in other post employment benefits	(1,355)
Net cash used by operating activities	\$ (105,749)
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:	
During the year ended June 30, 2015, The District received \$ 12,250 of federal commodities.	

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust <u>Scholarship</u>
ASSETS	
Cash and cash equivalents	\$ 39,373
LIABILITIES	
None	<u>-</u>
NET POSITION	
Reserved for scholarships	<u>\$ 39,373</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2015

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 140
Deductions:	
Instruction:	
Scholarships awarded	<u>1,000</u>
Change in net position	(860)
Net position beginning of year	<u>40,233</u>
Net position end of year	<u>\$ 39,373</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Net position is reported in the following categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The remaining governmental fund is reported as a nonmajor governmental fund. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Special Revenue, Management Fund is used to account for the management levy which is used to pay insurance costs and early retirement benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - Non-negotiable certificates of deposit are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Boards of Supervisors in April 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at

estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Lunch fees collected from students, but not used by them at year-end are recorded as unearned revenue in the business type activities column of the Statement of Net Position and the Proprietary Fund Statement of Net Position.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the

government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax and income tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in restricted.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Cash Equivalents**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 953</u>

The Capital Projects Fund is reimbursing the General Fund for an expenditure that was initially paid from the General Fund. The balance is to be paid by June 30, 2016.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 163,000	0	0	163,000
Capital assets being depreciated:				
Buildings	4,147,356	11,769	0	4,159,125
Improvements other than buildings	126,858	0	0	126,858
Furniture and equipment	2,203,649	80,082	0	2,283,731
Total capital assets being depreciated	6,477,863	91,851	0	6,569,714
Less accumulated Depreciation for:				
Buildings	2,155,707	115,231	0	2,270,938
Improvements other than buildings	68,310	16,729	0	85,039
Furniture and equipment	1,704,658	161,399	0	1,866,057
Total accumulated depreciation	3,928,675	293,359	0	4,222,034
Total capital assets being depreciated, net	2,549,188	(201,508)	0	2,347,680
Governmental activities Capital assets, net	\$ 2,712,188	(201,508)	0	2,510,680
Business type activities:				
Furniture and equipment	\$ 100,823	0	0	100,823
Less accumulated depreciation	77,544	3,523	0	81,067
Business type activities Capital assets, net	\$ 23,279	(3,523)	0	19,756

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:	
Regular	\$ 6,294
Special	1,500
Other	16,729
Support services:	
Instructional staff	74,793
Administration	1,119
Plant operation and maintenance	368
Transportation	<u>77,325</u>
	178,128
Unallocated	<u>115,231</u>
Total depreciation expense - governmental activities	<u>\$ 293,359</u>

Business type activities

Food service operations	<u>\$ 3,523</u>
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(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement benefits	\$ 23,159	0	13,401	9,758	9,758
Compensated absences	12,173	15,472	12,173	15,472	15,472
Net pension liability	2,538,197	0	767,351	1,770,846	0
Net OPEB liability	<u>170,660</u>	<u>73,954</u>	<u>0</u>	<u>244,614</u>	<u>0</u>
Total	<u>\$ 2,744,189</u>	<u>89,426</u>	<u>792,925</u>	<u>2,040,690</u>	<u>25,230</u>
Business type activities:					
Net pension liability	\$ 69,146	0	20,906	48,240	0
Net OPEB liability	<u>3,139</u>	<u>0</u>	<u>1,355</u>	<u>1,784</u>	<u>0</u>
	<u>\$ 72,285</u>	<u>0</u>	<u>22,261</u>	<u>50,024</u>	<u>0</u>

Early Retirement Benefits

In January, 2014, the District approved a voluntary early retirement program for employees. The plan was offered until June 30, 2014. Eligible employees must have completed nine (9) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days. Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement the employee shall be eligible to participate in the District's health insurance plan by meeting the requirements of the insurer. The District will pay \$ 400 per month towards this group insurance for a maximum of ten years or until the retiree reaches eligibility for Medicare, or dies, whichever comes first. At June 30, 2015, the District had total obligations of \$ 9,758 to two participants under this plan.

(6) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available by mail at 7401 Register Drive; P.O. Box 9117; Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will

be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of a member's lifetime. However, to combat the effects of inflation, retirees who begin receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$ 270,086.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$ 1,819,086 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.044948 percent, which was a decrease of 0.001102 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$ 124,221. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,770	\$ 0
Changes of assumptions	80,280	0
Net difference between projected and actual earning on pension plan investments	0	693,744
Changes in proportion and differences between District contributions and proportionate share of contributions	0	50,818
District contributions subsequent to the measurement date	<u>270,086</u>	<u>0</u>
Total	<u>\$ 370,136</u>	<u>\$ 744,562</u>

\$ 270,086 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2016	\$ (161,933)
2017	(161,933)
2018	(161,933)
2019	(161,933)
2020	<u>3,220</u>
Total	<u>\$ (644,512)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 3,437,112	\$ 1,819,086	\$ 453,304

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 49 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay all premiums in excess of their explicit benefit of \$ 300 (\$ 400 for retirements after June 30, 2014) per month, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 121,779
Interest on net OPEB obligation	4,345
Adjustment to annual required contribution	<u>(10,797)</u>
Annual OPEB cost	115,327
Contributions made	<u>42,728</u>
Increase in net OPEB obligation	72,599
Net OPEB obligation beginning of year	<u>173,799</u>
Net OPEB obligation end of year	<u><u>\$ 246,398</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$ 42,728 to the medical plan. Plan members eligible for benefits contributed \$ 20,615, or 33% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 150,194	53.3%	\$ 103,595
2014	132,089	46.9	173,799
2015	115,327	37.0	246,398

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$ 631,000 with no actuarial accrued value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 631,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$ 2.280 million and the ratio of the UAAL to covered payroll was 27.7%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress of the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual and ultimate medical trend rates are 6%.

Mortality rates are from the 95 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$ 722 per month for retirees less than 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on a closed group basis over 30 years.

(8) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 208,199 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Related Party Transactions

The District had business transactions totaling \$ 27,993 between the District and District employees and officials during the year ended June 30, 2015.

(11) Subsequent Events

At its September 2015 Board Meeting, the District decided to replace faulty light standards at its football facility at an estimated cost of \$ 100,000, to be paid from the Capital Projects Fund.

(12) Purchase Commitment

The District entered into a contract of \$ 80,095 for the purchase of a new school bus to be delivered in July, 2015 and paid for from the Capital Projects Fund.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 5,249,837	85,222
Net pension liability at June 30, 2014	(2,538,197)	(69,146)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>260,918</u>	<u>7,108</u>
Net position July 1, 2014, as restated	<u>\$ 2,972,558</u>	<u>23,184</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF
REVENUE, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES
BUDGET AND ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2015

	Governmental Funds	Proprietary Fund	Total Actual	Budgeted Amounts	Budgeted Amounts to Actual Variance
Revenues:	Actual	Actual			
Local sources	\$ 2,815,931	127,899	2,943,830	3,080,045	(136,215)
State sources	3,188,372	1,840	3,190,212	2,828,455	361,757
Federal sources	132,671	107,391	240,062	213,000	27,062
Total revenues	6,136,974	237,130	6,374,104	6,121,500	252,604
Expenditures/Expenses:					
Instruction	3,707,200	-	3,707,200	4,247,000	539,800
Support services	1,723,603	2,475	1,726,078	1,840,120	114,042
Non-instructional programs	189	249,879	250,068	270,000	19,932
Other expenditures	332,110	-	332,110	627,994	295,884
Total expenditures/expenses	5,763,102	252,354	6,015,456	6,985,114	969,658
Excess (deficiency) of revenues over (under) expenses/expenditures	373,872	(15,224)	358,648	(863,614)	1,222,262
Balances beginning of year	2,743,641	85,222	2,828,863	1,445,584	1,383,279
Balances end of year	\$ 3,117,513	69,998	3,187,511	581,970	2,605,541

See accompanying independent auditor's report and notes to required supplementary information budgetary reporting.

CENTRAL COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
District's proportion of the net pension liability	.044948%
District's proportionate share of the net pension liability	\$ 1,819
District's covered-employee payroll	3,001
District's share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

See accompanying independent auditor's report and notes to required supplementary information-pension liability.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(In thousands)
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contributions	\$ 270	268	258	241	211	213	203	186	172	148
Contributions in relation to the statutorily required contribution	(270)	(268)	(258)	(241)	(211)	(213)	(203)	(186)	(172)	(148)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,024	3,001	2,976	2,986	3,036	3,203	3,197	3,074	2,991	2,574
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report and notes to required supplementary information-pension liability.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	=	\$ 1,053	1,053	0.0%	2,715	38.8%
2011	Jul 1, 2009	=	937	937	0.0	2,541	36.9
2012	Jul 1, 2009	=	815	815	0.0	2,785	29.3
2013	Jul 1, 2012	=	889	889	0.0	2,238	39.7
2014	Jul 1, 2012	=	726	726	0.0	2,222	32.7
2015	Jul 1, 2012	=	631	631	0.0	2,280	27.7

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 33,433	285	23,564	10,154
Reading is Fundamental	4,500	1,645	1,388	4,757
Elementary Fundraisers	16,425	10,573	6,599	20,399
Central Volunteer Organizations	163	-	163	-
Elementary Art	108	-	108	-
Elementary Activities	151	-	151	-
Elementary Curriculum	234	-	-	234
Drama	8,196	3,150	2,841	8,505
Music	9	762	771	-
Instrumental Music	-	3,500	3,500	-
Intramural Athletics	-	5,442	5,442	-
Co-ed Athletics	-	842	842	-
Track	-	5,235	5,235	-
Cross Country	-	2,481	2,481	-
Golf	-	1,208	1,208	-
Boys Basketball	-	4,330	4,330	-
Football	-	16,191	16,191	-
Baseball	-	5,706	5,706	-
Wrestling	-	2,201	2,201	-
Girls Basketball	-	3,555	3,555	-
Volleyball	-	4,319	4,319	-
Softball	-	6,377	6,377	-
FFA	10,721	19,725	18,457	11,989
Food and Fitness Club	447	4,635	3,871	1,211
Kellogg Grant	642	-	642	-
NEIFF Grant	4	-	4	-
4-H Grant	376	-	376	-
Wellness Fund	880	-	880	-
Luther Great Garden	480	1,100	1,480	100
Interactive	243	-	-	243
Accounting Mentors	280	-	-	280
6-12 Fundraiser	1,025	2,440	1,602	1,863
Middle School Counselors	143	1,752	889	1,006
Water Walk	24	1,397	318	1,103
Media	6,215	3,989	4,319	5,885
Yearbook	1,695	5,219	3,724	3,190
Athletic Boosters	19,294	9,129	14,140	14,283
Student Council	360	49	254	155
Spanish Club	4,429	16,176	16,977	3,628
Cheerleaders	135	5,034	4,702	467

(continued)

Schedule 1
(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Class of 2018	-	5,498	2,715	2,783
Class of 2017	4,055	1,464	491	5,028
Class of 2016	3,850	4,437	5,309	2,978
Class of 2015	3,209	732	1,549	2,392
Class of 2014	2,291	-	2,291	-
Milk/Juice Sales	-	340	214	126
Total	\$ 124,017	160,918	182,176	102,759

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash	\$ 697,483	178,289	875,772
Receivables:			
Property tax:			
Delinquent	-	1,554	1,554
Succeeding year	-	144,143	144,143
Accounts	-	115	115
Due from other governments	34,354	30,903	65,257
TOTAL ASSETS	<u>\$ 731,837</u>	<u>355,004</u>	<u>1,086,841</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 48,641	53,468	102,109
Due to other funds	-	953	953
Total liabilities	<u>48,641</u>	<u>54,421</u>	<u>103,062</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	144,143	144,143
Income tax surtax	-	30,903	30,903
Total deferred inflows of resources	<u>-</u>	<u>175,046</u>	<u>175,046</u>
Fund balances:			
Restricted for:			
School infrastructure	683,196	-	683,196
Physical plant and equipment	-	125,537	125,537
Total fund balances	<u>683,196</u>	<u>125,537</u>	<u>808,733</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 731,837</u>	<u>355,004</u>	<u>1,086,841</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	163,758	163,758
Other	3,883	4,133	8,016
State sources	407,521	636	408,157
Total revenues	411,404	168,527	579,931
Expenditures:			
Current:			
Instruction:			
Regular	15,201	-	15,201
Support services:			
Instructional staff	50,743	127,776	178,519
Administration	-	39,888	39,888
Plant operation and maintenance	1,007	1,438	2,445
Transportation	1,475	-	1,475
Non-instructional programs:			
Food service operations	189	-	189
Other expenditures:			
Facilities acquisition	123,911	-	123,911
Total expenditures	192,526	169,102	361,628
Excess (deficiency) of revenues over (under) expenditures	218,878	(575)	218,303
Fund balances beginning of year	464,318	126,112	590,430
Fund balances end of year	\$ 683,196	125,537	808,733

See accompanying independent auditor's report.

Schedule 4

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 For the Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,109,915	2,746,626	2,803,083	2,760,052	2,574,392	2,593,979	2,385,369	2,375,929	2,297,859	2,105,807
Tuition	440,721	438,422	442,917	315,972	303,764	293,837	216,235	241,471	241,353	221,079
Other	265,295	226,436	242,041	227,760	357,683	252,437	308,971	300,362	245,550	191,932
Intermediate sources	-	-	-	-	-	-	-	-	-	1,330
State sources	3,188,372	2,789,517	2,675,001	2,722,479	2,786,934	2,386,873	3,024,805	2,804,434	2,534,176	2,504,532
Federal sources	132,671	156,111	145,928	222,193	402,863	450,479	355,728	173,505	211,282	171,406
Total	\$ 6,136,974	6,357,112	6,308,970	6,268,456	6,425,636	5,977,605	6,291,108	5,895,701	5,530,220	5,196,086

Expenditures										
Instruction:										
Regular	\$ 2,397,661	2,309,420	2,384,840	2,416,396	2,515,292	2,571,380	2,593,177	2,468,222	2,350,560	2,261,741
Special	812,027	935,418	1,002,199	771,608	768,914	786,060	760,669	752,180	654,103	572,937
Other	497,512	450,474	440,088	423,504	477,229	453,180	468,939	487,127	461,004	429,072
Support services:										
Student	115,368	115,981	116,130	114,965	146,115	177,620	136,138	147,063	137,099	132,861
Instructional staff	357,422	215,820	127,818	319,071	253,731	153,965	161,777	129,900	128,973	160,749
Administration	578,169	547,488	610,622	580,971	544,106	537,541	573,173	605,717	595,943	505,812
Plant operation and maintenance	361,975	369,638	311,718	307,009	350,225	345,451	350,744	375,500	382,394	379,627
Transportation	310,669	489,467	397,535	381,871	340,265	361,676	324,587	379,095	309,339	298,568
Non-instructional programs	189	-	9	360	7,807	12,769	-	190	-	-
Other expenditures:										
Facilities acquisition	123,911	315,572	352,713	381,616	333,674	278,144	481,134	268,209	373,258	131,181
Long-term debt:										
Principal	-	-	-	-	-	-	64,419	49,323	36,762	-
Interest	-	-	-	-	-	-	1,142	3,733	4,657	-
AVA Flathrough	208,199	206,064	199,215	199,737	226,317	224,888	210,145	198,370	186,279	180,395
Total	\$ 5,763,102	5,955,362	5,942,887	5,997,108	5,963,685	5,904,654	6,105,994	5,884,629	5,620,371	5,032,943

See accompanying independent auditor's report.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Central Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the remaining fund information of the Central Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Community School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

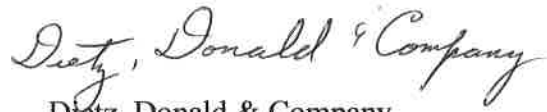
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

October 12, 2015


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2015

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses were identified.

INSTANCES OF NONCOMPLIANCE

No matters were noted.

Part II: Other Findings Related to Statutory Reporting:

II-A-15 **Certified Budget** - Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.

II-B-15 **Questionable Disbursements** - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-15 **Travel Expenses** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Raymond Piorkowski, spouse of Business manager, employee of Elkader Carpet & Design Center	Blinds, repairs, flooring and carpeting	<u>\$ 27,993</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction do not appear to represent a conflict of interest.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2015

- II-E-15 **Bond Coverage** - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-15 **Board Minutes** - No transactions were found that we believe should have been recorded in the Board Minutes but were not.
- II-G-15 **Certified Enrollment** - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 **Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 **Deposits and Investments** - No instances of non-compliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-15 **Certified Annual Report** - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-15 **Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-15 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2015

II-L-15 **Statewide Sales, Services and Use Tax (continued)**

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 464,318
Revenues:		
Sales tax revenue	\$ 407,521	
Other local revenues	<u>3,883</u>	<u>411,404</u>
		875,722
Expenditures:		
School infrastructure construction	\$ 123,911	
Equipment	67,140	
Other	<u>1,475</u>	<u>192,526</u>
Ending Balance		<u>\$ 683,196</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.